NINETY-SEVENTH YEAR.

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## N. O. NELSON, PREFERRING TO ENDOW INDIVIDUALS, NOT INSTITUTIONS, CARRIES PROFIT-SHARING THEORIES INTO PRACTICAL APPLICATION.

Head of the Manufacturing Company Has Recently Extended His Plan of Giving the Benefits of the Profits of His Business Among Employes So as to Include His Customers-Says He Has Accumulated as Much Property as He Desires-Leclaire, Model Town Founded by Mr. Nelson, Is Primarily a City of Homes and of Individual Freedom-Flowers, and Trees and Lawns Abound in Village.



TYPICAL THREE ROOM COTTAGE AT LECLAIRE.

BY HENRY F. WOODS

practical application."
Sitting back in his chair, his alert eyes

steadily looking through his steel-bowed spectacles, before a plain flat-top desk that was the same, no better and no werse, as unyone of a dozen desks of the other officers and clerks in the office, Nelson O. Nelson thus succinctly explained the antmating motive of his latest development of the profit-sharing idea.

The most recent extension of Mr. Nelson's profit-sharing belief, which he has held through all of his business life and has put in operation in some form or other through most of the years of his commerclai career, is that which he announced the first of the present year, and which includes the customers of the firm, of which he is the founder and head.

Continuing, Mr. Nelson said: "It has not always been possible to carry out every one of my theories to the full in practice, but I have given each a partial

Considering what have been the results of this partial application of his co-operative theories, Mr. Nelson's statement may be termed conservative

TWO ARE PINTURES

Two at least of the several results stand out as absolutely unique in the commercial concerns of the day in this country. Not the least element contributing to make them so is that both have progressed beyond the stage of experiment. They are fixtures, at least while the guiding hand and spirit of the man primarily responsible for them continues with them, and are accepted as a matter of fact by those who benefit by them. One of them is the communal village of Le Claire. The other is the firm of N. O.

Nelson Manufacturing Company. Through all the years of his business life, one in which a natural business acumen has been combined, without incon sistency, to a practical philanthropy-Mr. Nelson does not like the word overm sinant note has been an interest in the principle of co-operation, more especially in its commercial aspect of profit-

on years of the third of a century in which he has been the head of

Its logical development came later on. "I have never had a theory which I This was an extension of the idea which have not put, in part at least, to some makes of every customer of the firm & sharer in the profits of the firm which his orders helped to swell.

Perhaps a brief idea of the personality of the man and an account of his fortunes since his advent into business life serve better than anything else to illustrate his motives in his business methods Of sturdy Viking ancestry, Mr Nelson is, nevertheless, a Missourian. Born in Lillesand, Nerway, September 11, 1844, in the homestead that his paternal ancestors had occupied since 1639, he came with his parents to the United States when he was

3 years old. He has lived in Missouri His father was one of the leaders of a olony of seventy families who came to Buchanan County, Missouri, in 1847. He grew up in Buchanan, going to school in the winter and working on a farm in

summer.
When he was a little more than 16 years old he enlisted in the Union Army, and during the war saw service in many en-gagements with Leland's battery and the Fourth and Tenth Kansas Infantry.

After the war he passed an examination which resulted in winning for him a commission as Lieutenant. This he declined. however, to enter business.

HIS LIFE IN ST. LOUIS. After some preliminary experience he came to St. Louis in 1872 and obtained a position as bookkeeper with the firm of Bignall & Co. In a year's time he became a partner and general manager of

he firm. He founded in 1877 the firm of which he is head. Later he bought out the firm of Stenall & Co. and incorporated it with his

own concern. By nature democratic in the true sense of the word, by ancestry a lover of liberty and fair play, by hard experience of sympathies that went out to the wage-carner he had always the germ of the co-operative

Business depression and the natura struggle to place his firm on a stable basis prevented any fruition until that time of

It was in 1886 that the idea that was a germ became uppermost in his mind. This was the year of the great railway strike so he has carried out this idea. on the Gould system. Mr. Nelson had always enjoyed the esteem and confider of his employes because of his fakus

It was this face-to-face acquaintance with the causes of strikes, lockouts and kindred labor disturbances that first led him to a closer study of the remedies and finally to a practical application of them. It kindled in him a desire to read and learn how the problem was treated abroad. He read of the profit-sharing experiments of Godin of Guise, France, and Jean Le Claire, Paris, and he resolved to work along the same line in his relations

with his own employes. His company adopted a profit-sharing system with its employes in 1886. In the entire nineteen years which it has endured dividends ranging from 4 per cent to 10 per cent per year on each employe's salary or wages have been paid.

PROFIT-SHARING PAID. And it has paid. From a capital of \$2,-500 and a business of \$50,000 in 1872, the firm has progressed until now it does a business to the extent of about fifty times the first-named amount a year, using a

more than three-quarters of a million dol-It has factories in widely separated parts of the United States and under the profit-sharing plan its 550 employes, ex- tion of the workings of the plan. clusive of officers' salaries, absorb \$1,000 a day in wages. At the end of each year accumulating wealth, or in leaving vast dends on wages and stock when the tutions," he says, profits are not spent in extending the de-

relepment of the firm. After this long period of operation in which the results were uniformly desirable-strikes, lockouts or other labor disturbances are unknown to the Nelson factories-came the resolution to extend it to all, without exception, who contributed to the existence of the firm. This means an army of customers all over the United States, in Mexico, in Canada and even

across the ocean. Mr. Nelson defines a customer to mean any man or body of men who place orders for commedities with his firm. Whether they buy once and never again makes no difference in his definition of the term. In a circular of some length to his cusomers, Mr. Nelson explains in detail the workings of the latest evolution of his

profit-sharing idea.

HOW LATEST PLAN WORKS. "For the year 1905," he states, "we shall divide our profits, beyond 6 per cent interest on capital, in the proportion of 1 per cent on capital, 15 per cent on wages and salaries, and 2 per cent to customers on the gross profits on their purchases. The paid me off.

wrofits on all our sales are figured. A "This change in policy will entail no profits on all our sales are figured. A ledger account will be kept with each cus-temer, showing the amount of his gross the company, nor in its management. The division of the profits will be made at the

terest and nothing more, will be divided at the rate of four-tenths to the customers, three-tenths to employes, and three tenths for benevolent and public purposes to be administered by me.

"Each customer will receive the proportion that his gross profit bears to the total gross profit. Gross profit is made the basis instead of purchase, because some goods bear much lower profit than others. These dividends will be paid in my stock of the company at a price on which the average net earnings of the next preceding three years would yield 6 per cent net or in 6-per-cent preferred stock."

This is the plan in brief. It is simple, direct and businesslike, but, withal, unlike any other business system in these parts. has appealed very forcibly to the customers of the firm, and they have not been slow in writing their gratification and ndorsement of it to Mr. Nelson. From California, Texas, Colorado, Wash-

ington, Indiana, Mexico, Oregon, Idaho, Illinois, Arkansas and scores of other present paid-up capital and surplus of places have poured in letters approving warmly of the idea.
Mr. Nelson's reasons for his unique action are, perhaps, even more interesting

to the average person than the explana-"I see nothing attractive in the idea of they absorb another goodly slice in divi- piles of it when I die, or in endowing ineti-"I prefer to endow individuals, rather

than institutions. I think it better not only to let employes and customers of the firm have the benefits of the profits immediately, which they have helped to make, but, also, while I am living, to use what I already have for those purposes which I consider most needed. "I have been the active head of my bubi-

ness for more than thirty years, I have accumulated as much property as I desire. What I have has been made by the cooperation of the employes and the customers of the firm.

PROFITS WILL INCREASE. "I think it reasonable that they should

have the benefit of it now, and I believe this is the way to attain this end. As the business has been for several years, and is now and looks for the future, it should take a very few years to pass entirely into their ownership.

"By this mutual interest, it can be made more and more profitable, and this additional profit goes entirely to those who make it. In due time they are bound to become the owners of it. after they have change in the operation and methods of the company, nor in its management. The

Its very name betrays its origin and the

A WORKMAN'S FIVE ROOM COTTAGE ..

dent statement." These are the announced impelling molives of the Western antithesis of Carnegie, of one who does not consider it a liggrace to die rich, but believes it to be undesirable and lacking in common sense to do so. Perhaps it is this latter quality of common sense that may be said to be Mr. Nelson's distinguishing characteristic.

There is no doubt that he is a dreamer of dreams, a business idealist, a practical philanthropist, an altruistic laborer in the commercial vineyard, a hard-fact deme rat and believer in fraternity and equality; but withal he has mixed common sense always with the practical applica-

tion of his ideals. He has recognized the limitations there are to the fulfillment of his dreams; he has been content with the accomplishment of a considerable part of the whole dream, and he has had as a result something more lasting than a brilliant but shortlived experiment to show for the faith

He may be said to fill the terse description of him given by a friend and ad-mirer: "A cold-blooded, calculating enthusiast." And his enthusiasm, his personal interest, has been chiefly in the common people.

FOUNDING OF LECLAIRE. In the founding by Mr. Nelson of the town of Leciaire this quality was very well exemplified. Leclaire is a fine sample of the community builded on the co-operative idea. It is something more, however. Neither Bellamy nor Sir Thomas More furnished the inspiration for its uprearing.

It is the realization of a man who loves freedom, equality, civic order and civic beauty and desires the extension to his fellow-men in the humbler walks of life of the advantages of a community of as nearly ideal municipal conditions as it may be possible to attain. Leclaire was founded by Mr. Nelson in

1890. It is a ready-made town only in the sense that before a spadeful of earth was turned on its site or a house reared there was a definite purpose and plan in the mind of its founder for its laying out and extension. Otherwise there is no analogy between it and other "model" factory

ng idea in its building. It was named for Jean Le Claire, French decorator and painter, who, sixty years ago, introduced the profit-sharing idea in his firm, which flourishes to this day in Paris.

an auditor to verify the profit and divi- claire?" repeated Mr. Nelson after his natural enhancement of land values in

inquirer. "Well, for one thing, it was started as a matter of common sense. We needed another factory. We chose the country for the room and the air and the other advantages, and we laid it out eighteen still, to have all the conveniences of the city at our doors.

"We wanted to make it an ideal community, according to our lights. With this in mind, the town or community was laid out with four cardinal points in sight. "The first was to make it as nearly ideal a place as possible for the work and the workmen. The second was with a thought to the education and intellectual life of the people who would make its population. The third kept in mind the need for the recreation of its people. The fourth point was not to lose sight of the necessity and the advantage of beauty."

A CITY OF HOMES. Underlying all of these cardinal points was the constant aim to have it always and primarily a city of homes and of individual freedom,

This freedom is literal. The employes of the firm's factory at the village are at liberty to buy homes in the little city on the most liberal and easy terms. They are desired as residents. But they are neither urged, advised nor obliged to become resilents. They may live where they elect, At the same time residence is not closed

to persons or families who do not work in the Leclaire factories. They, too, will be extended the same easy terms that are open to factory workers. Of the 400 inhabitants of the town about 250 are factory employes.

There are no restrictions upon the lots except the prohibition that exists against maintaining a nuisance or transgressing the established building line. There are no city officials, no peace officers, no jail and no incorporation of the village under

any municipal scheme. laws, written or unwritten, save those of the State of Illinois, and yet an arrest has never been made in the little city nor has a drunken person ever been seen on its streets. This latter fact is all the more remarkable because there is no pro-

hibition against liquor or its use in the cumstance that the profit accruing from the sale of land is applied to maintain, improve and beautify the community. The lit measured increment according from the even

the source whence it accrued. In the aim to make it as nearly ideal a place as possible for the work and the workmen it has been placed handy to two large railroads and just outside the thrivmiles northeast of St. Louis, near enough, ing town of Edwardsville. Of its 125 acres there are two separate and distinct districts, the one the factory, the other the esidence district.

The former district comprises ten acres. Upon this tract are six one-story, redbrick factory buildings, with ample and frequent windows. Light is not one of the tabooed things of nature in the Leclaire factories. Three railroad tracks in-

tersect the factory tract. There is a dividing line between the two districts. It is a high green hedge that shuts out the factories and their smoke from the residence district beyond. It does more than this. I the dead line beyond which the authority and the mastership that rule in the factories fail to extend to

the freedom of the settlement of cottages in the residence part of the village. PLOWERS AND SHRUES PLENTIFUL This hedge is pierced by a driveway which leads to the homes and public buildings of Leclaire. This pleasant street leads past the co-operative store of the village and the Partime Club to a public parking made beautiful by landscape effects and

flowers and shrubs from the village greeneries, from which also the yards of the ottagers are supplied free. There is a public landscape gardener, who is never idle, because the work of beautifying and maintaining the pretty

spots of the village is like the babbling brook of the poet-it goes on forever, The flowers and trees and lawns that

abound on all sides in the village are evi-

and supplying. At the parking, the road that leads from the factories divides, pa sing the Schoolhouse to the right. Its left branch bends past the public clubhouse and to cottages beyond. There are more houses opposite and beyond the schoolhouse, stretching to a cross street still further on, which conncets the two parallel divisions of the

main street.

Most of the inhabitants of the village A partial application of Mr. Nelson's have a house built according to their sugsingle-tax views is furnished in the cir- gestions, if they wish, but it is always their own homes rather than rent them.

It is not difficult to guess why this professor exists. The homes of the house